

---

# Local Taxes

## Overview and Table of Contents

This section summarizes the transportation taxes that have been authorized by the Legislature for use by local governments. These taxes may be used for a broad range of transportation purposes, including road construction, mass transit, high capacity transportation, and high occupancy vehicle (HOV) systems. In addition to the local option taxes described in this section, local governments can use several other revenue sources to fund transportation, including distributions of the state motor fuel tax (gas tax), federal funds, bonds, state grants, and local general funds. Further information on revenue sources for local jurisdictions can be found in the Local Jurisdictions section of this manual. Several of the option taxes available to local governments for transportation were established as part of the 1990 transportation revenue package.

LOCAL TAXES .....	111
Overview and Table of Contents .....	111
Border Area Motor Vehicle Fuel and Special Fuel Tax .....	112
City Street Utility Charge (Declared invalid November 1995) .....	113
Commercial Parking Tax.....	115
Local Option Taxes for High Capacity Transportation (MVET, Employee, Sales Tax) .....	116
Local Option Taxes for High Occupancy Vehicle (HOV) Systems (MVET, Employee).....	118
Local Option Motor Vehicle and Special Fuel Tax for Counties.....	119
Local Option Motor Vehicle and Special Fuel Tax for Regional Transportation Investment District.....	120
Motor Vehicle License Fee (Repealed by Initiative 776).....	121
Property Tax Road Levy .....	122
Transit Taxes .....	123
SUPPORTING INFORMATION .....	125
Local Option Fuel Tax .....	126
Local Tax for Transit.....	127
Summary of 1990 Local Option Taxes (Chart) .....	128
Planning Requirements for 1990 Local Option Taxes .....	129
Background Information .....	130

REVENUE SOURCE: **Border Area Motor Vehicle Fuel and Special Fuel Tax**

RCW: 82.47.020 (Authorized in 1991)

WHO'S ELIGIBLE

Cities and towns within 10 miles of an international border crossing or transportation benefit districts (TBD) that contain an international border crossing.

WHERE ENACTED

Sumas, Blaine, Nooksack, and Point Roberts TBD have enacted this tax.

PURPOSE

For street maintenance and construction in areas along the Canadian border that are experiencing extraordinary traffic levels and impacts due to Canadian motorists.

PROVISIONS

Jurisdictions are authorized to impose a tax of up to one cent. Voter approval is required. Revenue may be used only for street construction and maintenance. Tax applies to both motor vehicle fuel and special fuel.

REVENUE

Three cities imposed the border area motor vehicle fuel and special fuel tax during 2003 and reported the revenue on city street forms submitted to the Department of Transportation. Whatcom County reported for Point Roberts TBD.

	<u>Current Rate</u>	<u>Revenue</u>
Blaine	1¢/gallon	\$100,096
Nooksack	1¢/gallon	\$15,049
Point Roberts, TBD	1¢/gallon	\$26,783
Sumas	1¢/gallon	\$12,926

**REVENUE SOURCE:**                      **City Street Utility Charge (Declared invalid November 1995)**

**RCW:**                                      82.80.050 (Authorized in 1990)

**WHO'S ELIGIBLE**

Cities

**WHERE ENACTED**

**The city street utility charge was declared invalid by the Washington State Supreme Court in November, 1995.**

The Court found in Covell v. City of Seattle that the street utility tax was not a valid fee, but a tax on property that violated the State Constitution's tax uniformity clause, which requires that the rate of tax be a uniform percentage of value for all real property, and the one percent levy limitation, which requires voter approval for property taxes that exceed 1% of property value.

Prior to November 1995, the following cities had enacted this charge: Grandview, Kent, Mabton, Marcus, Medical Lake, Richland, Seattle, Snoqualmie, Soap Lake, Union Gap, Wenatchee, and Wilkeson.

**PURPOSE**

Street utilities may be established to own, maintain, operate, and preserve any prescribed portion of the streets of a city or town. Street utilities may include street lighting, traffic control devices, sidewalks, curbs, gutters, parking facilities, and drainage facilities. Revenues collected by street utilities must be used only for transportation purposes.

**PROVISIONS**

City levy only.

Rate capped at equivalent of \$2 per employee per month for businesses and \$2 per housing unit per month as defined in RCW 35.95.040.

Rates must be uniform within each class of service (business and residential) and both classes must be assessed the charge.

Other features: (1) revenue limited to 50% of maintenance and operations budget; (2) tax exempt entities do not pay; (3) full credit given against street utility charge for any commuter or employer tax based on number of employees collected for transportation purposes.

Not subject to vote of the people or to exclusive referendum procedure; subject to local laws regarding referenda.

Subject to planning provisions. (See [\*Planning Requirements for 1990 Local Option Taxes\*](#) on page 129).

## REVENUE

Cities that imposed the city street utility charge during 1995 and reported the revenue on city street forms submitted to the Department of Transportation:

Grandview	\$75,096
Mabton	\$5,598
Marcus	\$1,419
Medical Lake	\$26,212
Richland	\$423,074
Seattle	\$10,273,672
Snoqualmie	\$24,416
Soap Lake	\$18,140
Union Gap	\$94,240

**REVENUE SOURCE:**                      **Commercial Parking Tax**

**RCW:**                                      82.80.030 (Authorized in 1990)

**WHO'S ELIGIBLE**

County (unincorporated area) or city

**WHERE ENACTED**

The cities of SeaTac, Bainbridge Island, Bremerton, Mukilteo, and Tukwila have implemented this tax

**PURPOSE**

For general transportation purposes, including construction and operation of state highways, county roads, and city streets; public transportation; high capacity transportation; transportation planning and design; and other transportation-related activities.

**PROVISIONS**

No rate set; rate setting parameters provided.

Tax may either be on the commercial parking business, based on gross proceeds or number of stalls or on the customer, similar to an admissions tax.

Tax exempt carpools, vehicles with handicapped decals, and government vehicles are exempt from the tax.

Subject to planning provisions. (See [Planning Requirements for 1990 Local Option Taxes](#) on page 129).

Subject to exclusive referendum procedure. (See [Background Information](#) on page 130).

**REVENUE**

Jurisdictions that imposed the commercial parking tax during 2003 and reported the revenue on city street or county road forms submitted to the Department of Transportation or the Local Government Reporting System of the Office of the State Auditor:

SeaTac	\$ 3,733,553
Bainbridge Island	\$ 216,463
Bremerton	\$ 254,247
Mukilteo	\$ 44,975
Tukwila	\$ 137,599

**REVENUE SOURCE:**

**Local Option Taxes for High Capacity Transportation  
(MVET, Employee, Sales Tax)**

**RCW:**

81.104.140 through 81.104.170 (Authorized in 1990)

**WHO'S ELIGIBLE**

Regional transit authorities (RTA) in King, Pierce, and Snohomish counties; transit agencies in Thurston, Clark, Kitsap, Spokane, and Yakima counties.

**WHERE ENACTED**

RTA in King, Pierce, and Snohomish counties enacted a high capacity transportation (HCT) tax in November 1996.

**PURPOSE**

For planning, constructing, and operating high capacity transportation (HCT), commuter rail, and feeder transportation systems. Voter approval required.

**PROVISIONS**

**Motor Vehicle Excise Tax (81.104.160)\***

- Up to 0.8% of vehicle value
- Trucks over 6,000 pounds are exempt
- MVET revenue for High Occupancy Vehicle (HOV) programs and HCT cannot exceed amount generated by 0.8% MVET
- Can only be levied if all local agencies which are parties to an interlocal agreement are imposing the tax at the same rate
- For rental vehicles on which sales and use tax is collected in lieu of MVET, additional sales tax may be collected up to a maximum rate of 2.172%

**Employer Tax (81.104.150)**

- Up to \$2 per employee per month
- Not allowed if HOV employer tax in effect

**Sales and Use Tax (81.104.170)**

- Up to 1% of purchase price on taxable items
- Limited to 0.9% in counties which have imposed 0.1% sales tax for criminal justice and in regional transit authorities in which any member county has imposed the 0.1% criminal justice tax

**General Provisions**

- Tax revenues may be pledged for bonds
- Local agencies may contract with Department of Revenue or other entities to collect taxes
- Commuter rail is an authorized use of both HOV and HCT funds. Because commuter rail uses existing rail lines, it is included with HOV programs as a near-term capacity improvement. It could also be used to address long-term HCT system needs.

\* Disposition of MVET collections pending court decision.

## REVENUE

High capacity transportation taxes imposed by the Regional Transportation Authority during 2003 as reported by the Department of Revenue and Sound Transit:

	0.3% <u>MVET</u>	0.4% <u>Sales Tax</u>
Regional Transit Authority (Sound Transit)	\$61.2M	\$209.4M

## REVENUE ESTIMATE (For Calendar Year 2005)

	0.8% <u>MVET</u>	\$2 per Employee per Month	1% <u>Sales Tax</u>
Sound Transit (RTA)	\$63.7M		\$226.3M
King	\$144.5M	\$27.9M	\$399.6M
Pierce	\$42.9M	\$6.5M	\$104.6M
Snohomish	\$42.2M	\$5.4M	\$86.6M
Spokane	\$26.8M	\$5.0M	\$65.0M
Clark	\$24.1M	\$3.0M	\$45.0M
Kitsap	\$12.4M	\$2.0M	\$30.3M
Thurston	\$13.5M	\$2.3M	\$34.4M
Yakima	\$12.8M	\$1.9M	\$25.6M

RTA revenue estimate reflects a 0.3% MVET and 0.4% sales tax.

Employer tax estimates do not include any deduction for credits to employers that have ride-sharing programs.

MVET and sales tax revenue estimates are for entire counties. Except for King County where the transit district is countywide, projections of HCT taxes should be reduced to reflect the taxing district (transit system) being less than countywide.

For other revenue assumptions, see [Background Information](#) on page 130.

**REVENUE SOURCE:**                      **Local Option Taxes for High Occupancy Vehicle (HOV) Systems (MVET, Employee)**

**RCW:**                                      81.100.030, 81.100.060 (Authorized in 1990)

**WHO'S ELIGIBLE**

King, Pierce, and Snohomish counties

**WHERE ENACTED**

No county has enacted a high occupancy vehicle (HOV) tax

**PURPOSE**

For high occupancy vehicle lane (HOV) development, mitigation of environmental impacts of HOV development, support of employer programs to reduce single occupant commuting, and commuter rail programs. Authorized for King, Pierce, and Snohomish counties, with voter approval.

**PROVISIONS**

Motor Vehicle Excise Tax (RCW 81.100.060)

- Local MVET of up to 13.64% of state MVET rate (2.2%)
- Same additional local rate may be applied to sales and use tax on rental vehicles in lieu of MVET (see *State Taxes and Fees* for more information)
- Trucks over 6,000 pounds are exempt
- Total of MVET revenue from HOV and High Capacity Transportation (HCT) local option taxes cannot exceed amount generated by 0.8% MVET (maximum local MVET for HCT)

Employer Tax (RCW 81.100.030)

- Up to \$2 per employee per month
- May include public and private employers, including state agencies
- Credits employers who are participating in ride-share programs

General Provisions

- If both employer tax and local MVET are imposed, total cannot exceed amount that would be generated by 13.64% local MVET
- Permits HOV funds to be pledged for repayment of bonds until year 2000, and with voter approval, to be used for commuter rail
- Commuter rail is an authorized use of both HOV and HCT funds. Because commuter rail uses existing rail lines, it is included with HOV programs as a near-term capacity improvement. It also may be a component for addressing long-term HCT system needs.

**REVENUE ESTIMATE (For Calendar Year 2005)**

	0.3% MVET <u>Surtax</u>	\$2 per Employee per Month	Maximum HOV Collections
King	\$54.2M	\$27.9M	\$54.2M
Pierce	\$16.1M	\$6.5M	\$16.1M
Snohomish	\$15.8M	\$5.4M	\$15.8M

Employer tax estimates do not include any deduction for credits to employers that have ride-sharing programs.

For other revenue assumptions, see [Background Information](#) on page 130.



**REVENUE SOURCE:**                    **Local Option Motor Vehicle and Special Fuel Tax for Counties**

**RCW:**                                    82.80.010 (Authorized in 1990)

**WHO'S ELIGIBLE**

Countywide (including incorporated areas)

**WHERE ENACTED**

No county has enacted this tax.

**PURPOSE**

For "highway purposes" as defined by 18th Amendment, including the construction, maintenance, and operation of city streets, county roads, and state highways; operation of ferries; and related activities.

**PROVISIONS**

Equal to 10% of statewide motor vehicle fuel tax and special fuel tax (2.8 cents per gallon based on 28 cent statewide gas tax).

Countywide imposition (no city levy).

Revenues distributed back to county and cities contained within the county levying the tax on a weighted per capita basis (1.5 for population in unincorporated areas; 1.0 for population in incorporated areas).

Voter approval required.

Subject to planning provisions. (See [\*Planning Requirements for 1990 Local Option Taxes\*](#) on page 129).

**REVENUE ESTIMATE (For Calendar Year 2005)**

For revenue estimates by county, see [\*Local Option Fuel Tax\*](#) on page 126.

**REVENUE SOURCE:**

**Local Option Motor Vehicle and Special Fuel Tax for Regional Transportation Investment District**

**RCW:**

82.80.110 and 82.80.120 (Authorized in 2003)

**WHO'S ELIGIBLE**

Regional Transportation Investment District created under chapter 36.120 RCW.

**WHERE ENACTED**

No Regional Transportation District has enacted this tax.

**PURPOSE**

For "highway purposes" as defined by 18th Amendment, including the construction, maintenance, and operation of city streets, county roads, and state highways; operation of ferries; and related activities.

**PROVISIONS**

Equal to 10% of statewide motor vehicle fuel tax and special fuel tax (2.8 cents per gallons based on 28 cent statewide gas tax).

County may levy tax used for district or a district may levy the tax.

Revenues distributed back to county or district to be used as a part of a regional transportation investment plan.

Voter approval required.

A county may not levy the tax if it is a member of a regional transportation investment district that is already levying the tax in RCW 82.80.120 or the county is levying the tax in RCW 82.80.010.

**REVENUE ESTIMATE (For Calendar Year 2005)**

For revenue estimates by county, see [\*Local Option Fuel Tax\*](#) on page 126.

**REVENUE SOURCE:**                    **Motor Vehicle License Fee\* (Repealed by Initiative 776)\*\***

**RCW:**                                    82.80.020 (Authorized in 1990)

**WHO'S ELIGIBLE**

Countywide (including incorporated areas)

**WHERE ENACTED**

A \$15 fee had been authorized in Douglas, King, Pierce, and Snohomish counties.

**PURPOSE**

For general transportation purposes, including 18th Amendment "highway purposes"; public transportation; high capacity transportation; transportation planning and design; and other transportation-related activities.

**PROVISIONS**

- Imposed at county level, or for a qualifying city or town located in a county which has not imposed a \$15 fee.
- Applies to incorporated and unincorporated areas.
- City or town may impose the fee only if authorized by a majority of voters.
- Up to \$15 maximum per vehicle registered in county.
- The 1998 law extends applicability to trucks weighing 6,000 pounds or less (unladen).
- Exempts all trucks above 6,000 pounds (unladen), buses, for hire vehicles, commercial trailers, and converter gears.
- Allows county to exempt senior citizens with income below level set by county and persons with physical disabilities.
- Revenues distributed to county and cities contained within the county levying the tax on a weighted per capita basis (1.5 for population in unincorporated areas; 1.0 for population in incorporated areas).
- Subject to planning provisions. (See [Planning Requirements for 1990 Local Option Taxes](#) on page 129).
- Subject to exclusive referendum procedure. (See [Background Information](#) on page 130).

**REVENUE**

Counties that imposed the motor vehicle license fee during 2002 as reported by the Department of Licensing:

Douglas County	\$352,888
King County	\$17,404,484
Pierce County	\$6,993,526
Snohomish County	\$6,453,459

\* Language contained in Initiative 776, passed by the voters in November 2002, repealed the motor vehicle license fee. Money collected during 2003 was refunded in October 2004.

\*\* For more information on Initiative 776, see *Transportation Budget* section.

REVENUE SOURCE:                    **Property Tax Road Levy**

RCW:                                    36.82.040

WHO'S ELIGIBLE

Counties (unincorporated areas)

WHERE ENACTED

Every county in Washington collects a property tax road levy.

PURPOSE

For construction, preservation, and maintenance of county roads, bridges, and wharves necessary for providing vehicle ferry service, and for other proper county road purposes.

PROVISIONS

May not exceed \$2.25 per thousand dollars of assessed valuation.

Proceeds are deposited in county road fund.

Any portion of the county property tax road levy may be diverted by the county legislative authority to any other county-provided service (RCW 36.33.220); however, such diversion may make the county ineligible for state road grants through the Rural Arterial Program of the County Road Administration Board (RCW 36.79.140).

REVENUE

Budgeted property tax road levy revenue for 2003 as reported by the County Road Administration Board:

    \$340.8 million (prior to diversions)

    \$316.3 million (net for roads after diversions)

**REVENUE SOURCE:**

**Transit Taxes**

**RCW:**

35.95.040, 82.14.045

**WHO'S ELIGIBLE**

Transit districts

**WHERE ENACTED**

24 transit districts have a sales tax or utility tax in place.

**PURPOSE**

For operation, maintenance, and capital needs of transit districts. Voter approval is required for the B&O, household/utility, and sales and use taxes described below.

**PROVISIONS**

**Business and Occupation Tax (RCW 35.95.040)**

- Rate to be determined by transit district
- Rate may be applied against value of products, gross proceeds, or gross income of business
- May be used concurrently with household/utility tax for transit
- May not be used concurrently with sales and use tax for transit
- Voter approval required

**Household/Utility Excise Tax (RCW 35.95.040)**

- Up to one dollar per month per housing unit
- May be used concurrently with B&O tax for transit
- May not be used concurrently with sales and use tax for transit
- Voter approval required

**Sales and Use Tax (RCW 82.14.045)**

- Up to a maximum of 0.9%
- Exemptions and provisions of statewide sales and use tax apply
- May not be used concurrently with B&O tax for transit or household/utility tax for transit
- Voter approval required

**Motor Vehicle Excise Tax—local portion (35.58.273)**

- Up to 0.725% of the value of vehicles in the transit district

**Chapter 6, Regular Session, Laws of 2002 repealed the local motor vehicle excise tax, retroactively to January 1, 2000.**

## REVENUE

Transit tax revenue (excluding the Regional Transit Authority) during 2003 as reported by the Department of Revenue:

Local Collections:           \$552.0 million

## REVENUE ESTIMATE (For Calendar Year 2005)

For revenue estimates, see [\*Local Tax for Transit\*](#) on page 127.

## Supporting Information

**Local Option Fuel Tax**  
Revenue Estimate (For Calendar Year 2005)  
(Dollars in Thousands)

County	Local Option Fuel Tax* (2.8 cents/gallon)
Adams	261
Asotin	323
Benton	2,399
Chelan	1,070
Clallam	1,017
Clark	6,009
Columbia	63
Cowlitz	1,495
Douglas	538
Ferry	115
Franklin	875
Garfield	37
Grant	1,228
Grays Harbor	1,063
Island	1,164
Jefferson	424
King	27,661
Kitsap	3,725
Kittitas	552
Klickitat	302
Lewis	1,103
Lincoln	157
Mason	800
Okanogan	619
Pacific	323
Pend Oreille	187
Pierce	11,542
San Juan	237
Skagit	1,708
Skamania	158
Snohomish	10,113
Spokane	6,722
Stevens	640
Thurston	3,455
Wahkiakum	59
Walla Walla	879
Whatcom	2,769
Whitman	640
Yakima	3,520
<b>State Total</b>	<b>95,952</b>

**Note:** Fuel tax collections at the county level are estimated from the county's share as a percentage of total state fuel gallons taxed at 2.8 cents per gallon. The county's share is based upon current population estimates and forecasts provided by the Office of Financial Management. These estimates do not have nonhighway use refunds and transfers, or administrative expenses subtracted out.



**Local Tax for Transit**  
Revenue Estimate (For Calendar Year 2005)

<u>Transit District</u>	<b>Local Transit Tax</b>		<b>Estimated Local Tax</b>
	<u>Type</u>	<u>Rate</u>	<u>Revenue</u>
Ben Franklin Transit	Sales	0.60%	\$19,483,000
Link Transit (Chelan/Douglas)	Sales	0.40%	\$6,571,000
Clallam Transit System	Sales	0.60%	\$ 5,152,000
C-TRAN (Clark)	Sales	0.60%	\$26,977,000
Community Urban Bus System (Cowlitz)	Sales	0.10%	\$1,049,000
Grant Transit Authority	Sales	0.20%	\$1,846,000
Grays Harbor Transportation Authority	Sales	0.60%	\$4,592,000
Island Transit	Sales	0.60%	\$4,237,000
Jefferson Transit Authority	Sales	0.60%	\$2,153,000
Metro Transit (King)	Sales	0.80%	\$322,818,000
Kitsap Transit	Sales	0.80%	\$24,568,000
Twin Transit (Lewis)	Sales	0.10%	\$532,000
Mason Transportation Authority	Sales	0.60%	\$2,964,000
Pacific Transit System	Sales	0.30%	\$576,000
Pierce Transit	Sales	0.60%	\$62,519,000
Skagit Transit	Sales	0.20%	\$4,351,000
Everett Transit System	Sales	0.30%	\$7,766,000
Community Transit (Snohomish)	Sales	0.90%	\$58,563,000
Spokane Transit Authority	Sales	0.60%	\$39,330,000
Intercity Transit (Thurston)	Sales	0.60%	\$22,164,000
Valley Transit (Walla Walla)	Sales	0.30%	\$1,754,000
Whatcom Transportation Authority	Sales	0.60%	\$16,630,000
Pullman Transit	Utility	2.00%	\$799,000
Yakima Transit	Sales	0.30%	\$4,246,000

## Summary of 1990 Local Option Taxes (Chart)

### Transportation Funding Legislation - 1990 Session

TAX	PURPOSE	RATE	JURISDICTION	VOTER APPROVAL	EXEMPTIONS	OTHER PROVISIONS
Fuel Tax	Highway Purposes (Per18th Amd)	10% of State Rate	County (Uninc & Inc)	Required	Same as statewide fuel tax	Must be applied to both motor and special fuel
Vehicle License Fee**	General Transportation	Up to \$15	County (Uninc & Inc)	Not required: referendum process specified	County may exempt persons over 60 or with disabilities	County must delay effective date at least 6 months from date of enactment for DOL implementation
Commercial Parking Tax	General Transportation	No fixed rate	City or County (Uninc)	Not required: referendum process specified		May provide exemptions for tax exempt car pools, vehicles with handicap decals, and government vehicles
Street Utility Charge *	Street Maintenance and Operations	Up to \$2/employee/mo Up to \$2/household/mo	City	Not required: referendum process specified	Entities exempt from property/leasehold tax	Credit to businesses paying employer/commuter taxes for transp: rev limited to 50% of M&O budget
Employer Tax	High Occupancy Vehicle Lanes	Up to \$2/employee/mo	King, Pierce, Snohomish counties	Required		Total of HOV taxes cannot exceed revenue from 15% MVET alone: Preludes HCT employer tax
Motor Vehicle Excise Tax (MVET)	High Occupancy Vehicle Lanes	Up to 15% of MVET base rate (2.0%)	King, Pierce, Snohomish counties	Required	Trucks over 6,000 lbs. Unladen weight	Total of HOV taxes cannot exceed revenue from 15% MVET alone
Employer Tax	High Capacity Transportation Systems	Up to \$2;employee/mo	RTA's: Pierce, King, Snohomish, Transit agencies, Clark, Spokane, Yakima, Kitsap, Thurston	Required		Not allowed if HOV employer tax in effect Note: RTA is acronym for Regional transit authority
Motor Vehicle Excise Tax	High Capacity Transportation Systems	Up to 0.8% of vehicle value	Same as above	Required	Trucks over 6,000 lbs. Unladen weight	MVET for HOV and HCT cannot exceed 0.8% MVET rate. When used for HCT must be at same rate for eligible adjacent counties.
Sales & Use Tax	High Capacity Transportation Systems	Up to 1% of purchase price of taxable items	Same as above	Required	Same as statewide sales tax	Tax limited to 0.9% if 0.1% local option sales tax for criminal justice is in effect.
<p>* Found unconstitutional by Washington State Supreme Court</p> <p>**Repealed by Initiative 776</p>						

## **Planning Requirements for 1990 Local Option Taxes**

### ***Fuel Tax, Vehicle License Fee, and Commercial Parking***

Jurisdictions imposing the local option fuel tax, vehicle license fee, or commercial parking tax for transportation purposes must comply with the following provisions (per RCW 82.80.070):

- Expenditures of revenues must be consistent with adopted local and regional transportation/land use comprehensive plans.
- Jurisdictions with more than 8,000 population must develop and adopt a transportation program.
- For new or expanded transportation projects, the priorities must be identified in the program.

### ***Local Option Taxes for High Occupancy Vehicle (HOV) Systems***

The following provisions pertain to the local option motor vehicle excise tax or the employer tax authorized to support HOV systems (per 81.100 RCW):

- To impose local option taxes for HOV lanes, counties must adopt goals to reduce the proportion of single-occupant vehicles during peak commuting periods.
- Goals must address level of congestion; transit, van pools, and car pools; employment density and employer size; parking; and consistency with goals of the regional transportation plan.
- If the employer tax is imposed, credits must be provided to businesses with programs that reduce the number of single-occupant vehicle trips.
- Counties must develop plans in conjunction with cities, metropolitan planning organizations, and transit districts.
- Counties imposing local option taxes must enter into interlocal agreements with the Department of Transportation to allow the Department of Transportation, transit agencies, and cities to coordinate programming and operational decisions affecting the HOV system.

## Background Information

a) Referendum Procedure for Motor Vehicle License Fee and Commercial Parking Tax (per RCW 82.80.090)

- Petition to repeal vehicle license fee or commercial parking tax must be filed within seven days of passage or the ordinance imposing the tax.
- Petitioner has 30 days after ballot title written to obtain signatures of not less than 15% of registered voters.

b) Revenue Assumptions for HOV and HCT Taxes

- MVET
  - Assumes larger trucks represent 13% of vehicle valuations
  - Estimates are for fiscal year
- EMPLOYER TAX
  - County employment estimates are based on Employment Security Department projections of employees covered by the Washington Employment Security Act; estimates are consistent with the forecast of the Washington State Office of the Forecast Council
  - Revenue projections are for countywide tax. Except for King County and Kitsap County, transit districts in other counties will yield less revenue than projected. The 2003 service areas of transit systems in Pierce, Snohomish, Spokane, Clark, Thurston, and Yakima Counties are listed below:

Pierce Transit	93%
Snohomish (Everett Transit & Community Transit)	85%
Spokane Transit	87%
Clark (C-TRAN)	99%
Thurston (Intercity Transit)	63%
Yakima Transit	35%

- SALES TAX
  - Revenue projected from 2003 actual and assuming two-year growth of 4.0%. This is consistent with the forecast of the Washington State Office of the Forecast Council.
  - Estimates are for calendar year.